

The Director of Central Intelligence

Washington, D.C. 20505

National Intelligence Council

NIC #6297-83

1 September 1983

MEMORANDUM FOR: National Intelligence Officer for Economics

FROM : Major General Edward B. Atkeson, USA
National Intelligence Officer for
General Purpose Forces

SUBJECT : Soviet Defense Costs

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1. As a follow-up of my earlier memo on the subject, I suggest that part of the problem we have in determining growth rates in Soviet defense expenditures may be due to erroneous data for a single year--1976. SOVA's publication

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clearly illustrates the anomalous nature of that year (see attachment). The estimated growth of the Soviet defense budget from 1975 to 1976 was almost twice the average growth rate from 1972 to 1981 (5% as opposed to 2.8%). The growth rate from 1976 to 1977 is estimated to have dropped to less than a half of the long-term rate (1.1%). In other words, SOVA estimates the growth from '75 to '76 to be almost five times that between '76 and '77.

2. The unusual nature of the 1976 figures is not confined to one or a few budget areas. It shows up in all of the following accounts:

- Forces Opposite NATO.
- Forces Opposite China.
- Investment.
- Operating Activities.
- Support Forces.
- General Purpose Forces (including land and tactical air forces).
- Manpower.

3. If we were to disregard 1976' figures and use either 1975 or 1977 as our base year for describing trends in Soviet defense

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expenditures we might find that the growth of expenditures was a more rational, smooth curve upward, possibly decreasing in its rate of climb in more recent years. We might also find it less likely that there was any specific decision point in the mid 1970's at which the Soviets abruptly changed the rate of military investment. More likely would seem to be that continuing competition for resources from other sectors of the economy may be taking its toll over the long haul. In any event, from the figures presented in the report, we still must note that procurement and overall defense expenditures are highest at the last point of measurement (1981), indicating continued growth in both areas.



Edward B. Atkeson

Attachment:



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MEMORANDUM FOR: NIO/ECON

FROM : NIO/GPF

SUBJECT : Soviet Defense Costs



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